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SIPDIS

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SUBJECT: LITHUANIA PUSHES TO RETAIN/REBUILD NUCLEAR POWER PLANT, ENERGY SECURITY

REF: A. 2004 VILNIUS 1505

[1](#)B. 2004 VILNIUS 1439

[1](#)1. (U) SUMMARY: Lithuanian authorities are using the recent Russia-Ukraine gas dispute as an action-forcing event to build a new nuclear power plant and, possibly, to seek EU permission to keep the Soviet-era Ignalina plant online until a new facility is complete. Expectations are low that Brussels will agree to release the GOL from its pre-accession commitment to end operations in Ignalina by 2009, but political momentum to keep Lithuania nuclear is growing. End Summary.

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Keeping Lithuanian Lights On  
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[1](#)2. (U) The GOL decommissioned the first of the two reactors at the country's Chernobyl-style Ignalina nuclear power plant (INPP) in December 2004 (ref A). It committed to close the second in 2009 as a precondition to EU membership. Before the decommissioning of Unit I, the INPP generated approximately 90 percent of the electricity Lithuania consumed and enabled Lithuania to be a net exporter of electricity. The second reactor currently generates about two-thirds the total output that the two units produced previously.

[1](#)3. (U) President Valdas Adamkus announced January 5 that Lithuania must consider constructing a new nuclear power reactor at the INPP and to avoid increasing Lithuania's energy dependence on Russia. Alluding to the recent Russia-Ukraine gas-price crisis, Adamkus stated that those who have gas and oil "weapons" can "not only blackmail an individual country, but also paralyze half of a continent." Minister of Economy Algirdas Dauksys, echoing Adamkus, declared January 9 that Lithuania should make a decision on a new reactor without delay. A new nuclear plant, he estimated, will require an initial government outlay of 350 million euros. The Economy Ministry has already indicated it intends to invite 25 investors (including Westinghouse) to compete to construct a new plant once the GOL gives the project a nod. Dauksys said that Estonian and Latvian energy companies have expressed interest in a joint project. The Minister expects and will recommend that the Government retain a minimum 34% stake in the new plant, which he estimates will cost USD 3.6 billion.

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Keeping Ignalina Aglow  
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[1](#)4. (U) Lithuania's leaders are scrambling to develop a plan to secure as best they can the country's electricity supply. Prime Minister Brazauskas, following a January 6 special meeting of representatives of Lithuania's energy sector, told the press that the GOL had been unable to come to terms with either the old or new Polish governments on construction of an energy bridge that would link Lithuania to the EU power grid. In a radio broadcast January 10, Brazauskas said Lithuania should consider extending the life of the Ignalina reactor. Pointing to the security and safety upgrades to INPP, the PM suggested that the old arguments for shutting down Ignalina no longer applied. He alluded to the risk of dependence on Russia for oil and natural gas supplies and delivery, remarking, "Things may happen; we have to prepare for all possibilities." The PM said he had "no objections" to construction of a new, modern nuclear facility if the Baltic States determine a need for additional energy resources.

[1](#)5. (SBU) Opinions of members of parliament diverge. Parliament is currently in special session with a limited agenda, but most parties are talking about the need to develop an energy strategy. On January 10, the Conservatives and one independent MP introduced resolutions calling for the government to initiate negotiations with the EU on construction of a new reactor in Lithuania. Labor and Social Democratic MPs told us their caucuses would take up the issue before the general session begins in March. In principle, Labor supports Dauksys' position on the need to

extend the life of the Unit 2 reactor, but opinions among SocDems vary. Social Democrat Algirdas Paleckis told us that he will recommend caution in taking on the construction project, and worries about loss of credibility should Lithuania seek an extension, but he admitted that most of his party colleagues want to keep nuclear energy alive in Lithuania. Some politicians also doubt Lithuania's ability to manage the construction, waste disposal, and electricity exporting that a new reactor would entail.

16. (U) All parliamentarians with whom we talked anticipate difficulty in getting EU approval for either proposal. At the same time, most saw recent events in Ukraine and the German-Russian pipeline agreement as reason enough to take up the discussion. Conservative Rasa Juknevičienė said it would be important for all branches of government to adopt a unified position and action plan before petitioning Brussels.

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Comment  
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17. (SBU) Lithuanian leaders have toyed with the idea of building a new reactor almost since the day they agreed to decommission their old ones. Current events have confirmed their worst fears about increasing reliance on Russian energy. Building a new reactor or keeping the old won't make Lithuanians energy-independent, but it will allow them to continue to generate electricity if supply of other sources of fuel should stop. We think it likely that Lithuanians' need for energy security will overcome concerns about the political cost of seeking Brussels' support for continued nuclear power generation here.

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